

4-13-2004

# The United Kingdom: Interest Rates, the E. U. and the Future

Ryan G. Baird

*Indiana University - Purdue University Fort Wayne*

Follow this and additional works at: [http://opus.ipfw.edu/stu\\_symp2004](http://opus.ipfw.edu/stu_symp2004)



Part of the [Economics Commons](#)

---

## Recommended Citation

Ryan G. Baird (2004). *The United Kingdom: Interest Rates, the E. U. and the Future*.  
[http://opus.ipfw.edu/stu\\_symp2004/22](http://opus.ipfw.edu/stu_symp2004/22)

This Presentation is brought to you for free and open access by the IPFW Student Research and Creative Endeavor Symposium at Opus: Research & Creativity at IPFW. It has been accepted for inclusion in 2004 IPFW Student Research and Creative Endeavor Symposium by an authorized administrator of Opus: Research & Creativity at IPFW. For more information, please contact [admin@lib.ipfw.edu](mailto:admin@lib.ipfw.edu).

# The United Kingdom: Interest Rates, the E. U. and the Future

Ryan G. Baird

Dr. Carolyn Stumph

Economics

Indiana University-Purdue University Fort Wayne

The United Kingdom (UK) is the world's fourth largest trading nation; birthplace of Newton, Darwin, Shakespeare and the Beatles; home of the world's largest foreign exchange market. The UK is considered by many to be Europe's leading business center, while the City of London has long been the European Union's financial center. "Political, economic and social stability in the UK has fostered the skills and productivity of the private sector to ensure continued growth and low inflation since the global recession of 1990-92." <sup>1</sup>

This paper will examine the UK's economic relationship with the European Union and the effects of the UK's decision to be the first country in the world to raise interest rates after the afore mentioned global recession. Using capital flows and the balance of payments the effect that this interest rate change will have on the British economy will be determined. Also it will be determined how the effect of the UK's problems with road congestion and overall transportation efficiency will affect the economy and its economic relationship with the EU. And finally, whether or not the UK's joining of the customs union of the EU was and is beneficial to the UK as well as whether or not they should join the monetary union of the EU.

1. 10 Downing Street. The United Kingdom Economy. 2003.

Internet on-line. < <http://www.number-10.gov.uk> >. [12 December 2003].